Workers, Stockowners To Share in Hormel's New Earnings Plan

To Be Divided 80% and 20%—Undertaking at Austin Plant Aimed to Build Initiative

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CHICAGO—Geo. A. Hormel & Co. over the fiscal year ending October 28, 1939, is undertaking at its Austin, Minn., plant a joint earnings plan whereby employes will share 80% and stockholders 20% in a profit account especially set up for the purpose.

The object of the experimental year will be to "try to find that plan which would make it worth the effort of each employe to do those extra things that bring more money into the business, and at the same time, to find a plan that would distribute the extra money fairly between the employes and the stockholders."

The new joint earnings account will not disturb the basis of present wage payments including bonuses and special checks received as special rewards or prizes and compensation.

This is the way it works:

Special earnings account, applicable from revenues and profits derived solely from Austin operations, will be set up after providing for depreciation, expenses, taxes, including federal income taxes, interest, reserves and dividends on preferred stock. In short deductions will be full normal income account charges plus the preferred dividend charge. This net will be divided 80% to eligible employes and 20% to common stockholders.

Other Charges Made

The 80% net fund thus derived will then have charged against it the full amount of all wages and salaries at Austin, including bonuses, guarantees and "kitty" checks. If the 80% of the account is more than enough to cover the regular weekly pay checks including bonuses, etc., then the joint earnings account will continue to be divided on the basis of 80% and 20% as long as the money holds out, or until each eligible employe receives four weeks additional pay. After each employe has received four weeks of additional pay the balance, if any, left in the joint account will be divided equally between employes and common stockholders.

Stockholders' participating shares will be transferred direct to surplus account, where dividend distributions will be based upon the usual action of the board of directors.

Eligibility will be based upon regular employment at the Austin plant for the 12 previous months, and employes transferred to or from Austin from other plants will be paid pro rata for the percentage of the year eligible. Regular employes will be construed as those working steadily without interruption from leave of absence or from any cause that is in violation of any working agreement or rules of conduct.

Among the Eligibles

Among the eligibles will be resident officers, live stock buyers operating in the Austin plant area or its buying territory, and truck drivers resident of that town. Salesmen are excluded.

Division of the fund assignable to employes will be on the basis of each worker's regular weekly rate of pay at the close of the year.

In presenting the plan to employes on an experimental basis the company asserts that it is not to be taken as a contractual arrangement and that it may be subject to modification or abandonment.

Hormel also reports that earnings of the Austin plant in the year ended October 29, 1938, were not enough to cover regular weekly pay checks. Consolidated net profit from all sources last fiscal year amounted to $1,031,574.

JAY HORMEL DIES; MEAT PACKER, 62

Developer of Spam Was First to Can Ham Successfully—Headed Board Since '46

NYT 8/31/54

AUSTIN, Minn., Aug. 30 (UP)—Jay Catherwood Hormel, the originator of Spam, a pork concoction consumed by millions of soldiers during World War II, died today in his home. He was 62 years old.

Mr. Hormel, chairman of the board of George A. Hormel & Co., one of the world's largest meat-packing concerns, had been ill for more than a year with a heart ailment, a company spokesman said. Death was caused by a coronary occlusion, the spokesman reported.

The son of the company's founder, Mr. Hormel became board chairman in 1946, when his father died. He had been president from 1929 to 1946.

Mr. Hormel was credited with making the company nationally known through new meat-packing methods. He was the first person to can ham successfully.

The perishable quality of pork was a limiting factor until his concern developed new methods. Spam was a result of these developments, and it became known throughout the world.

During the depression of the Nineteen Thirties, Mr. Hormel established a guaranteed annual wage for his employes. Meatpacking at one time was only a seasonal operation, but short hours of work during slack periods and long hours during rush periods brought a basic annual wage in the Hormel plants.

The company employs 9,000 workers at plants here, Fort Dodge, Iowa; Fremont, Neb.; Dallas, Tex., and Mitchell, S. D. There also are about twenty distributing and manufacturing branches and sales offices.

Mr. Hormel was born in Austin and served as a lieutenant in World War I. He ended his Army career in the Quartermaster Corps.

For many years, he was chairman of the American Legion Employment Committee. He conducted a campaign to acquaint United States business with the advisability for more stable employment.

Surviving are his widow, Germaine, and three sons, George A. 2d, James and Thomas Du Bois.

Hormel to Discontinue Contributing to Employe Profit-Sharing Plan

WSJ 4/3/57

AUSTIN, Minn.—(AP)—George A. Hormel Co. announced it will discontinue contributions to one of its profit-sharing plans for workers in the company's seven meat packing plants.

The company said it will abandon the profit-sharing trust which was created by Jay Hormel in 1944 for employes' pensions.

The pension trust program has been supported entirely by contributions from the Hormel Co.

The concern made it clear, however, that the action does not affect the profit-sharing production bonus plan, under which Hormel employes receive substantial payments each year.

The announcement, made in "Squeal," a company publication, said the decision to quit making contributions to the fund came after actuaries found the value of "units" earned by employes was being "drastically reduced."

When the trust fund was started in 1944, the company said, the acquisition of new plants and personnel with long seniority and the small turnover of personnel were not contemplated.

Under the plan, workers earned a specified number of "units" for each year employed and could gain a maximum interest of $20,000 in the trust. Profits each year determined the value of the units.

The company said it has a new pension plan under consideration, and said such a plan would take into account an employe's interest in the profit-sharing trust. No current employe's interest in the trust will be reduced, the announcement said.

Hormel operates plants here and at Dallas, Texas; Fort Dodge, Iowa; Atlanta, Ga.; Birmingham, Ala.; Mitchell, S. D.; and Fremont, Neb.